

23 March 1981

MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 23 March 1981

Admiral Inman was in the chair. []

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Kelly reported that all imaging satellites are operating satisfactorily.

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[] Kelly noted that the [] has been delayed to 24 March because of poor weather. []

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Hitz noted there will be two sessions with the Defense Subcommittee of the House Appropriations Committee this week. Hitz said that at the 20 March session on FOIA with Congressman English, the Congressman agreed to open up the whole issue and give CIA priority. Hitz noted that the Congressman has a tough subcommittee to deal with. []

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Clarke commented that the NFAC orientation course for NSA personnel ended last week and that the participants were pleased. In response to Admiral Inman's question, Clarke said there were 31 NSA officers in the course. Clarke added that the next courses will run in April and May.

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Clarke noted that the weekend was taken up by Poland and that the situation there is critical; NFAC will monitor closely. []

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[] noted the 22 March Washington Post article on Terpil and Wilson (attached). []

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In response to Fitzwater's question about the OMB hiring ceiling letter, [] said it had been received and there were no surprises for Fiscal Years 1981 or 1982. In response to Admiral Inman's question about whether the authorized ceiling was raised [] said he didn't recall. Fitzwater said that as of today we are [] over ceiling. Admiral Inman commented and Fitzwater agreed that what counts is where we are on 30 September. [] []

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McMahon reported that Agee has written another book and has gotten a German editor to claim he is the author in order to circumvent restrictions laid on Agee. In response to Silver's question, McMahon said he would explore whether we can release this information to Justice. []

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McMahon said that [] had briefed UN Ambassador Kirkpatrick on [] and that the Ambassador only wants to be given information which is important for her to know. Admiral Inman noted the Ambassador had requested a paper on SWAPO awhile ago but had not received it yet. Clarke said he would check and get something out to her. []

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Clarke reported he and Maurice Ernst briefed the Secretary of the Treasury on 20 March and that the session went well. Clarke noted that Treasury levied a number of requirements on OER after the briefing. []

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ON PAGE 14

THE BOSTON GLOBE MAGAZINE and WASHINGTON POST
22 March 1981

TERRORISM: AN AMERICAN LINK IN LIBYA

How two former CIA agents, turned mercenaries, ran a course in terrorism for Libyan strongman Muammar Khadafy. With tons of arms and explosives, and a small cadre of other Americans like themselves, they hatched a scheme that some of the participants believed was all part of a CIA-backed plot. Whoever the sponsors were, the tale reveals a new breed of American soldiers of fortune who sell their special skills to enemies of the United States.

By Stephen Kurkjian
and Ben Bradlee

As a Green Beret, he was accustomed to clandestine assignments in exotic places. But this was different.

Before, whether in Southeast Asia or the Dominican Republic, he'd always known that he was working for the United States. But now he was in Libya, an avowed enemy of the United States, working for its terrorist-prone military.

He had been in Tripoli less than a week when he was first taken to see the base of operations for the group he had joined. With another American at the wheel, they drove about twenty miles south of their luxury, seaside hotel until the sandy stretches of North African desert gave way to a lush orange grove. The car stopped at the end of the grove in front of the palace of Mohammed Idriss El Senussi, the former king of Libya, who had been ousted in 1969 in a bloodless coup mounted by Muammar Khadafy, the Libyan leader.

Behind a set of locked doors in the basement of the servants' quarters was located, in effect, a small American munitions factory, stocked with explosives shipped from the United States. There a group of Americans was busy camouflaging small bombs as lamps, candles, briefcases, and ashtrays.

The Green Beret, who less than ten days earlier had been going through routine army drills at Fort Bragg, North Carolina, was now part of an ongoing operation which, from 1976 through at least 1979, is alleged to have provided terrorist training and explosives for the Libyan government.

At its simplest, this story tells how a growing band of mercenaries, many of them Americans, are selling their daring and special knowledge to the highest bidder — in this instance, the forces of international terrorism. But some of the Americans involved in the Libyan project — including the Green Beret who was given a leave of absence by his superiors to take part in the operation — are convinced that the US government knew full well what they were doing, and may have let the project continue longer than it should have, in hopes of infiltrating the international terrorist movement. Muammar Khadafy, after all, has openly financed such groups as the Palestine Liberation Organization, Italy's Red Brigades, the Irish Republican Army, the Japanese Red Army, German's Baader-Meinhoff gang, and others.

There is little doubt, though, that this project was a scheme hatched by two former Central Intelligence Agency (CIA) employees, Edwin P. Wilson and Francis E. Terpil, who used their expertise to design a program that supplied explosives and people to train terrorists in Libya.

And undercutting the participants' speculation that the United States sanctioned Wilson's and Terpil's activities is the fact that when one of the first Americans recruited for the Libyan affair informed the CIA of the operation in September 1976, the agency notified the FBI. Yet the operation continued at least until late December 1979, according to a federal investigators' report, more than three years after the FBI investigation was begun.

Up to that point, officials now allege that the following had taken place:

- More than twenty Americans, including five former CIA employees, a Green Beret on leave, five ex-Green Berets, five former army explosives experts, and two civilian naval engineers were flown to Libya to perform a wide variety of support activities for Khadafy's military.

- Some of the Americans were put to work camouflaging terrorist bombs while others trained Libyan commandos in everything from bomb detonation to parachute jumping.

- Millions of dollars worth of military hardware, including twenty-five thousand pounds of explosives and a ground-to-air Redeye missile, were contracted for shipping to Libya without the required approval of the US

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State Department. The Libyans willingly paid the enormous, marked-up prices that their American suppliers charged for the hardware.

In addition, Wilson's work with Khadafy led to an unsuccessful attempt to plot the assassination of a former member of Khadafy's Revolutionary Council and an aborted commando attack on a French compound in Chad, Libya's neighbor to the south.

Last spring, Terpil and Wilson were indicted by a federal grand jury in Washington in connection with their Libyan dealings. Neither man appeared at the trial and both are believed to have fled the country. A third man, Jerome S. Brower, head of a California explosives supply firm, was also indicted in the Libyan scheme. He pleaded guilty to a conspiracy charge in December and was given a five-year prison term, fined \$5000, and put on probation for three years. According to the terms of the sentence, Brower must serve four months of the prison term immediately, with the remainder suspended if he does not violate the terms of his probation.

At Brower's sentencing, the federal prosecutor said the grand jury's deliberations on the case are continuing, and it is known that more indictments are expected. One matter being investigated is the sale of forty thousand pounds of plastic explosives to Libya. According to the prosecutor, the sale was one of the largest such shipments ever made by a private American company to a foreign government.

Terpil could not be located for an interview, and Brower refused any comment. Wilson, reached by phone in Tripoli, would say only that he is "an American businessman here on business"; he refused to speak about his past or present dealings in Libya. Asked if the US government had been in any way involved in the activities for which he was indicted, Wilson said only, "That's a smoking pot," and refused to elaborate.

Upset that his mission in Libya involved training terrorists, the Green Beret quit the operation a month after he arrived. He returned home and told his military superiors what was transpiring. But many of the other Americans stayed on in Libya for months, even years, after he left.

While it has obviously been embarrassing for the United States to admit that its former agents may have been involved in military activities supporting Libya, even more troubling to the State Department is what Americans may still be doing in Libya today.

At present, according to State Department intelligence, there are more than a dozen, and perhaps as many as fifty, Americans in Libya providing military support to the government. State Department sources are unsure if these Americans were recruited by Wilson or Terpil, but they fear that some Americans may have had a hand in training the Libyan commandos believed responsible for last year's execution of eleven Libyan exiles living in Europe.

Potentially more damaging is the indication from State Department sources that the Libyans have suddenly shown a "certain sophisticated

awareness of US intelligence capabilities and the nature of US operations worldwide." It is another indication that US-trained mercenaries are selling their skills and knowledge abroad.

Some federal investigators now believe that Wilson's and Terpil's alleged role in assisting terrorist activities in Libya is not unique. The problem of the involvement of Americans in supporting international terrorists "is much greater than recognized," according to two investigators in the case. On the first page of their confidential report on the Libyan case, a copy of which has been made available to *The Globe*, the officials wrote:

"The United States, in effect, has become a major supplier of [military] hardware and technology in support of worldwide terrorism. Former Central Intelligence Agency personnel, military special forces personnel and US corporations combine to supply products and expertise to whomever can pay the price.

"Libya, the recipient in this case, publicly admits that it gives training, weaponry and funding to terrorist organizations throughout the world. . . . From the perspective of the current investigation, the extent of the problem appears to be much greater than recognized and is compounded by conflicting agency jurisdictional responsibilities."

Wilson and Terpil were an unlikely pair for a business partnership. Their backgrounds, business contacts, and styles of living were almost exactly opposite.

Terpil, 41, was born in Brooklyn and retained the tough look and swagger of the New York streets. He was partial to turtlenecks and jeans, worn a bit too tight for his pudgy body. He boasted of his work for the CIA, and although some people knew he was lying, Terpil would allude to covert operations in Latin America as if he had participated in them.

But by most accounts, Terpil was actually one of the agency's lesser lights. According to sources, he repaired cryptographic (code-breaking) radio equipment until he was fired in 1971, reportedly for failing to keep the low profile expected of CIA agents.

Later, as a businessman, Terpil specialized in selling electronic security hardware to international customers, working out of Washington office space given him by Wilson. In 1977, he started a company that sold automobile immobilizers ("Denver boots") to several communities, including two hundred and fifty to Boston. Despite such legitimate dealings, however, federal investigators and one former associate contend that Terpil spent much, if not most, of his time as an international arms merchant.

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One of the fruits of doing business with Libya, at least as far as Terpil is concerned, was that it led to a lucrative association with another of the world's despots, Uganda's Idi Amin. Introduced to Amin through contacts in Tripoli, Terpil soon began helping him acquire arms, explosives, and other exotic military hardware designed to consolidate his grip over Uganda.

US authorities have one contract stamped "Secret," found in Amin's files after he was overthrown, which shows that Terpil sold Uganda \$3.2 million worth of equipment in August 1977. Much of the equipment was the same type supplied to Khadafy in Libya, including explosives, tape recorders disguised in attache cases, remote controlled radio detonators, a fifty-six-track telephone monitoring system, photo surveillance equipment, and a variety of interrogation devices.

The contract also promised to train Amin's hand-picked forces in the use of explosives, counterintelligence, psychological warfare, sabotage, and espionage.

Last August, just before he was due to stand trial on separate charges in New York — that he and another associate tried to sell ten thousand machine guns to two undercover New York City detectives posing as Latin American revolutionaries — Terpil asked his African friend for a favor.

He telephoned Amin at the Intercontinental Hotel in Jeddah, Saudi Arabia, as part of a bizarre plan to enlist the former dictator's help in winning the release of the American hostages in Iran. Terpil, hoping to gain leverage to deal with the various charges against him, told Amin that Andrew Young, the former US ambassador to the United Nations, and John West, the current US envoy to Saudi Arabia, were ready to assist him in the diplomatic initiative.

But Amin was unable to deliver, and on the eve of his September 4 trial in New York, Terpil fled the country.

Unlike Terpil, Wilson rarely spoke of his past work for the agency. He valued his privacy and let few who knew him into his confidence.

An imposing figure standing about six feet, five inches tall and weighing two hundred and forty pounds, Wilson epitomized the finest in Washington manners. A member of the capital's genteel Georgetown and University clubs, he fit in comfortably with congressmen, businessmen, and Pentagon and CIA executives, many of whom he invited out to his \$6 million, three-thousand-acre northern Virginia estate for a weekend of hunting, horseback riding, and barbecues.

Born in Idaho, the 52-year-old Wilson graduated from the University of Oregon in Portland in 1951 and served as a marine in Korea. After the war he went to Washington and, some time later, began work for the CIA.

While Wilson's exact duties with the CIA are not known, two independent sources familiar with his work identified two important covert operations that he was involved with during the sixties: the sprawling, post-Bay of Pigs, anti-Castro operation based in Miami and code-named JM Wave; and the search for the Cuban revolutionary leader Che Guevara in Bolivia in 1967.

While with the CIA, Wilson set up a private consulting company with a friend that did millions of dollars worth of shipping for the US Agency for International Development.

Sometime in 1971, Wilson left the CIA and spent five years working for the US Navy's Task Force 157, a highly secret spy group created to carry on covert operations internationally. The unit conducted some of the nation's most delicate intelligence assignments during the sixties and seventies. In 1971, for example, Task Force 157 set up the communications network for Henry Kissinger's secret visit to China.

Wilson's work involved running one of the four or five companies ("proprietarys") used to pay agents in the field and ship support equipment to them.

But Wilson apparently felt no compunction about cashing in on the contacts and leads he picked up working for the government. While being paid by Task Force 157, he operated a thriving export brokerage business out of a suite of offices in the same privately owned Washington building that houses the State Department's passport bureau.

Wilson's involvement with the task force was suddenly terminated, however, in April 1976, when he indiscreetly approached Admiral Bobby Ray Inman, then director of Naval Intelligence, with a business proposition: If Inman would channel navy contracts to Wilson's private company, Wilson would lobby his congressional contacts to assist Inman in having Congress approve his budget requests. In addition, Wilson proposed that Inman consider disbanding Task Force 157 as it was then structured and set up a new operation with Wilson in charge.

According to federal officials, Inman, who went on to become director of the National Security Agency before recently accepting President Reagan's appointment as deputy director of the CIA, was "astounded" by Wilson's proposals. He immediately informed the FBI of the conversation, ordered that Wilson be fired from Task Force 157, and, a short time later, successfully recommended that the entire organization be dissolved.

In the international export business, the difference between profit and loss often depends on the clout and contacts of one's associates. Wilson surrounded himself with many people who had both. Among his business associates were high-ranking, retired Pentagon officers such as Air Force General Robert Richardson 3d, General Joseph J.

Cappucci, former director of special investigations for the US Air Force, and Robert Keith Gray, a well-known Washington lobbyist who most recently served as co-chairman of Ronald Reagan's Inauguration Committee.

Since 1972, Consultants International, one of Wilson's companies, has been licensed by the State Department's Office of Munitions Control (OMC) to export arms and other military hardware to foreign countries. A former employee of the company said that during his four years with the company, from 1972 until 1976, he applied for and received "dozens" of permits to allow shipments of munitions to foreign countries. But the former employee, who asked not to be identified, could not recall seeking any permits for munitions shipments to Libya, and a spokesman for OMC said all such records are confidential.

However, another former associate recalled that in 1977 Wilson sold Libya the parts necessary to construct one thousand night vision scopes for rifles, each costing more than \$3000. Also, Wilson received a multimillion-dollar contract to provide Libya with military uniforms, belts, battle jackets, boots, canteens, and sea rations. Some of the goods are still being supplied to Tripoli, the former associate said.

According to reports done by the US Bureau of Alcohol, Tobacco and Firearms as well as numerous interviews with both federal officials and participants in the Libyan operation, the scheme began in the spring of 1976, when Terpil and Wilson traveled to Pomona, California, to meet with Brower, who, besides being a federally licensed explosives manufacturer, was also a member of a congressional explosives advisory panel.

Brower, 61, agreed in

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principle to supply Terpil and Wilson with the explosives they needed to satisfy a contract with the Libyan government, authorities assert.

Federal investigators assert that it was through Terpil's contacts in Britain that the Libyan deal was obtained. Terpil, who owns a town house in London, was introduced at a party to Khadafy's cousin Sayid Khadafy, then the chief buyer of sophisticated electronic equipment for the Libyan army.

Within two weeks of that meeting, Terpil contacted Wilson about his negotiations with Sayid Khadafy, and the two set to work on supplying Libya's military equipment and training needs, investigators contend.

Copies of the Terpil-Wilson proposal to Libya, now in the possession of federal officials, state that the project was to be kept a tight secret. The "cover" agreed upon was that the Americans would be clearing away old World War II land mines under a contract to one of the major oil companies doing exploratory drilling in Libya.

"A team of explosives ordnance experts would obviously be employed in this [mine clearing] capacity," the proposal stated. "These same [American] experts would be simultaneously training selective students in covert sabotage operations employing the latest techniques of clandestine explosives ordnance. As the cover operation would be in the interest of public safety, all required material from the manufacturers of special devices would be exported on the same licenses as the mine clearing material."

"After a six-month program of intense training, the [Libyan] student would be completely capable and competent in the design, manufacture and implementation and detonation of explosive devices effectively used in con-

junction with the psychological/espionage/warfare activities," it read.

The equipment that the proposal specified Libya should purchase for the training program included five hundred thousand electronic timers, designed to trigger explosives at any point from one minute to one year, as well as a laundry list of high-powered explosives.

On August 13, 1976, Terpil, Wilson, Brower, and several others met in Washington at the offices of Intertech-Wilson company, a new Terpil-Wilson company. There, officials allege, the three formally agreed to ship quantities of explosives to Libya without securing the requisite State Department approval. Authorities refer to this session as the conspiracy meeting.

The same day, Brower's company in California, J. S. Brower and Associates, shipped the first load of explosives to Tripoli. They were packed in black, fifty-five-gallon drums marked "Industrial Solvent."

A short time later, Wilson and Terpil began sending recruits to Libya to implement the personnel training and explosive manufacturing provisions of their agreement with Khadafy. Among them were John H. Harper, a retired CIA ordnance technician, and his son, John Jr., both of Virginia, who helped set up the explosive manufacturing plant in the Libyan palace complex. Later, the younger Harper told investigators that during his three-week stay in Libya, for which he was paid \$7000, he constructed twenty-five concealed bombs.

However, he said he and his father abandoned the project because they "knew [the bombs] were for terrorist use and innocent lives would be lost."

Douglas M. Schlacter of Upperville, Virginia, a friend and business associate of Wilson's, was also recruited during the early stages of the operation, but unlike the Harpers, he remained in Libya, for the most part acting as Wilson and Terpil's go-between with the other Americans as they arrived.

Also in August of 1976, Terpil and Kevin P. Mulcahey, a former CIA intelligence analyst hired by Wilson, flew to London to meet at the Libyan embassy there with representatives of Khadafy. At this meeting, Mulcahey later told investigators, Terpil agreed to provide Libya with more military hardware, including at least one Redeye surface-to-air missile. The Libyans said the weaponry would be used to "eliminate certain enemies" of the Libyan government.

One such enemy was Umar Abdullah Muhayshi, a senior member of the ruling Libyan Revolutionary Council who had defected to Egypt in 1975 after allegedly leading a failed plot to overthrow Khadafy. According to federal prosecutors, the Libyan government retained Terpil and Wilson to put out a \$1 million contract for the assassination of Muhayshi.

To this end, Wilson sought out three Cuban expatriates living in Miami and asked them if they would take part in an assassination. The Cubans had worked as contract agents for the CIA in the past, but they became suspicious that the plan was not sanctioned by the CIA and turned down the offer.

Apparently dissatisfied with the explosives manufacturing done in Libya by the Harpers, Wilson prevailed upon Brower to recruit other operatives who would be interested. Brower found four men, all from the West Coast. Two of them, Robert E. Swallow and Dennis J. Wilson,

were engineers assigned to the China Lake Naval Weapons Station, a remote installation in California's Mojave Desert that conducts top-secret research in the development of new weapons systems for the United States.

Swallow and Wilson took leaves from China Lake to go to Libya. When their work was done in Libya, they returned to their jobs at China Lake.

Another of the West Coast recruits, who agreed to a telephone interview on the condition that his name not be used, said he went to Libya as a favor to Brower and because he thought he was participating in a CIA operation. However, nothing explicitly indicating agency involvement was mentioned to him.

"They [Terpil and Wilson] said not to worry, because they had it covered," the recruit said.

After being briefed by Wilson in Washington, the group flew to Libya, where they were quickly ushered through customs, without visa or baggage inspection, and checked into a luxury hotel on the shore of the Mediterranean.

A few days later, Douglas Schlacter picked the four up and drove them to what he said would be their operations center, the palace of the former king. For their purposes, Schlacter said, the palace would be code-named Swanee.

The palace was a two-story domed building built around an open courtyard with a fountain. It had a lovely state dining room and entertainment area. Many of the walls were still covered with paintings of seascapes.

But despite the trappings of opulence, the building appeared slightly disheveled, as

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if the palace staff had left suddenly during the 1969 coup and never returned. The rooms were largely empty except for cots, where the Libyan soldiers who watched the building slept. The long dining room table, which had once held state dinners, was now being used by the soldiers as a giant ironing board for their trousers. The grounds were unkempt.

Adjoining the palace was a smaller building, which had been the servants' quarters. This was where the Americans actually built the bombs. Schlacter called it "the shop."

"There were explosives lying all over the place," the West Coast recruit recalled. "Timers, blasting caps, attaché case bombs, lamps, ashtrays — all in various stages of completion. It looked like our predecessors had left in a hurry."

Under the watchful eye of several Libyan bodyguards, the four went to work assembling an explosives workshop, ordering needed equipment and then constructing several "dummy" bombs. On several occasions their work was inspected by Libyan intelligence officials, who identified themselves as Khadafy's personal representatives.

As for Terpil, Wilson, and Brower, each made a few visits to Tripoli during the time he was there, according to the source. He said Wilson offered him a raise and asked him to stay on, but he declined. After three months, he had had more than enough and couldn't wait to get home.

"I regret the whole thing," the West Coast recruit said. "I wished I'd never heard of Wilson and Terpil. ... I think they're out plowing up a whole bunch of cash and not afraid of who they have to

step on to do it. ... But there's still a question in my mind as to the role of the CIA. No one's ever answered that question. How do you check out something like that? Even if you ask the right people, you're going to get the wrong answer."

Soon after the bomb construction program was under way, Wilson and Terpil began recruiting Americans to train Libyan commandos in military tactics, including how to use the bombs.

According to the federal reports, on the evening of July 21, 1977, Luke F. Thompson, a Green Beret master sergeant at Fort Bragg, received a phone call in his Fayetteville, North Carolina, home from a man identifying himself as Pat Loomis.

Loomis and another man, it turns out, had been fired from the CIA by agency director Stansfield Turner less than three months before for allegedly assisting Wilson in buying explosive devices bound for Libya, devices that could only legally be purchased by the US government.

In a telephone interview with *The Globe* recently, Loomis, who now lives in Ireland, conceded that he was still drawing the final weeks of his CIA termination pay when he called Thompson in Fayetteville. But in approaching Thompson, he said, he was acting on Wilson's behalf, not the agency's.

Thompson later told federal authorities that Loomis asked him if he would be available to recruit and head a four-man team to undertake an assignment overseas for which Special Forces skills would be required. Loomis said that details of the assignment would have to be discussed outside the United States, because to do so in this country might be illegal. Thompson agreed to consider the proposal.

The following day, Thompson called Loomis to say that he and a group of four ex-Green Berets he had previously served with would be available. Loomis asked to meet Thompson and his team at the Fayetteville Sheraton Hotel.

Before this meeting, one of the recruits, nervous that Loomis might be an agent provocateur acting on behalf of a hostile foreign power, informed military intelligence officials at Fort Bragg of the overture.

"I was told they had checked the operation out and there was nothing

wrong with it," said the Green Beret, who agreed to an interview recently on the condition that his name not be revealed. "They said it was legal and aboveboard and to go ahead and pursue it. I assumed that they meant I was going to do a job for the [CIA]. I laid out the story to a colonel, and he said to me, 'You're working for the agency.' So when I went to Libya, as far as I was concerned, I was working for the US government."

To participate in the project, the Green Beret asked for and was immediately granted a thirty-day leave by his superiors.

The group assembled at the Fayetteville Sheraton, and Loomis led them up to his room. Turning on the television at maximum volume to thwart any listening devices, Loomis introduced Kenneth E. Conklin, a Washington attorney who, he explained, was along to answer any legal questions that might arise. Loomis and Conklin loosened up the group a bit by mentioning that they, too, had served in the Special Forces.

Recalls the Green Beret source: "Loomis began by saying: 'My name is Pat Loomis and I'm with the CIA. I've just come out of deep cover in the aircraft industry in Indonesia. I don't know any of you people. One man here [Thompson] has been thoroughly investigated. I don't know the rest of you and I don't want to know you.' Then, looking at Thompson, he said, 'If you fall flat on your face, it will be your fault because you picked your own team.'"

Loomis told the men they would be paid \$4500 a month plus a \$15,000 bonus at the end of the year. He would provide no further details of the mission, insisting that that information would have to be given outside the country.

"Then he started peeling off hundred-dollar bills and handing them out like green stamps. ... It was supposed to be our expense money. Some of the guys had come in from out of state, but the money more than covered expenses."

A few days later the group went to Washington, where a woman, who turned out to be Loomis' wife, took them to apply for new passports, which would have no record of prior travel. She had them identify their occupation as "consultants" and sign an affidavit authorizing her to pick up the passports. Within a few hours she returned to the Quality Inn with the passports. Inside each one was \$1000 in cash but no visas according to the

It was not until the following morning, when Pat Loomis handed them their plane tickets, that the Green Berets learned they were bound for Tripoli, via Zurich. Loomis said they would have no trouble spotting

their contact because he was a tall man who would be wearing a red suit and a gold Rolex watch. At the Zurich airport, Ed Wilson was instantly recognizable to them.

Wilson said that while in Libya their salary could either be paid through a Swiss bank account or through one of his one hundred and four companies. Paying taxes was their business. Concerned that they would be involved in military work, the Green Berets were assured that they would be covered by a life insurance policy and would receive hospitalization "anywhere you want," the Green Beret said.

"Then he suggested it would be best to reduce nothing to writing. He said he knew that if he welched, we'd hunt him down and kill him, just like he'd do to us," the Green Beret recalled.

Wilson remained vague about their assignments in Tripoli, referring them, as was his habit, to Schlacter for details.

The Green Beret source said his group was met in Libya by Abdul Kanuni, who identified himself as the Tripoli representative of Delex International Corporation, a Washington company of which Schlacter was a director. In a matter of minutes, Kanuni presented the group with Libyan visas and escorted them past customs.

"Kanuni and his father, who had been a general in the army under King Idriss, handled all the explosives coming in and out of Libya," the source said. "When he took me to his office later, I saw every explosive known to man."

Climbing into a Mercedes, the group was taken to "the intelligence ministry," where they were introduced to the chief of Libyan intelligence, Abdul Senussi, also a member of the country's Revolutionary Council.

Over mint tea, Senussi began telling the Americans of a problem he had with Egypt. A group of about eight hundred Egyptian soldiers had apparently crossed the border into Libya and had to be driven back. He was interested in any US expertise on how best to accomplish this. Senussi suggested the Americans devise a gas that could put the Egyptians to sleep. When the Americans politely scoffed at this idea, Senussi abruptly ended the meeting.

Kanuni checked the Green Berets into a plush, beachfront hotel, where all their accommodations had been prepaid by the Libyan government. They were given a list of stores at which they could simply sign for anything they wanted. Cars were made available, and they were given Libyan driver's licenses. Guards with machine guns were stationed outside their hotel room doors.

Two days later, Schlacter reappeared at the hotel, seemingly in a hurry. He ordered the group to get ready quickly for another meeting with Senussi, the intelligence chief. Waiting outside was a carload of other Americans, most of them retired army explosives experts who had worked for Explosive Ordnance Disposal (EOD) detachments in the service.

This group of about a half dozen had also been recruited through Brower from the West Coast and came to be known among the Americans in Libya simply as "the EOD men."

The Americans filed into a conference room at the Ministry of Trade, the Green Beret source remembers. The EOD men sat on one side of a long table, the Green Berets on the other. After a time, Senussi walked in.

He passed pencils and blank sheets of paper to each of the men and asked them to write down their professional qualifications. Senussi sifted through their responses and put them into two piles. The EOD men, he announced, would build explosives. He dismissed them from the room.

Soon after, the EOD men flew to the northeastern Libyan city of Tobruk in an American-made C-130, packed with some of the camouflaged explosives they had made. While demonstrating the bombs, three of the Americans were injured, and several Libyan officers were killed when a Libyan soldier accidentally detonated one of the camouflaged bombs.

Meanwhile, Senussi directed the Green Berets to establish a terrorist training program for Libya's commandos.

"At this point," the Green Beret source recalled, "it became clear to me that we were working for hostile foreign intelligence. It dawned on me that I was getting out of bounds. I knew I was working for the US government there, [yet] I didn't see how what I was doing was in the national interest. We didn't know what we were getting into."

Concerned that they were now totally at the mercy of the Libyans, whom they did not trust, the source said he and the other Green Berets formulated "escape and evasion" plans in case they had to get out of the country quickly. Two of the contingencies, he said, were simply to drive to neighboring Tunisia or to steal a boat in Libya and go to Malta, the small Mediterranean island some two hundred and fifty miles to the north.

Because it was too soon to leave without arousing suspicion, the Green Beret source said that he and his team spent most of the next three weeks in their hotel rooms mapping out a comprehensive terrorist training program. The course included instruction in demolitions, weaponry, techniques for raids and ambushes, parachuting, and boat operations.

After a month, he said, he approached Schlacter and, citing pressing personal business at home, told him he would have to return to the United States. Schlacter offered no argument and, within a few hours, presented him with a round-trip airline ticket.

His Green Beret comrades escorted him to the airport, where he was again given VIP treatment by Libyan officialdom before being flown back to North Carolina. His colleagues stayed in Libya through 1978, training dozens of Libyan commandos outside Benghazi, in northeastern Libya.

On his return to the United States, the Green Beret was extensively debriefed by military intelligence personnel at Fort Bragg. Then, apparently wanting reassurance that the Libyan operation was in fact legitimate, Fort Bragg officials decided to call in the FBI.

In a telephone interview, Robert H. Caverly, then a resident agent for the bureau in Fayetteville but now retired, said he told Fort Bragg military officials he would seek "clarification" from the Justice Department to determine if it was a CIA operation. But the clarification from Washington never came.

"Even if you work for the FBI, it's hard to get anything out of the CIA," Caverly said.

The Green Beret began receiving anonymous telephoned threats, warning him to stop talking to the authorities. As a precaution, military officials moved him from Fort Bragg to the Naval Special Warfare Department in Little Creek, Virginia, where he served as an "unconventional warfare adviser."

His superiors at Fort Bragg, he said, ordered him to continue participating in the operation — without returning to Tripoli. Following their instructions, the Green Beret agreed to act as the operation's supply officer in the United States, and he recruit-

ed three more ex-Green Berets to go to Libya.

Requests for supplies were sent to him in code. Among the supplies he provided in at least two large shipments were technical training manuals and military boots. Fort Bragg military officials carefully catalogued each item before they were sent to Loomis, who then forwarded them to Tripoli.

As his involvement in the Libyan affair began to wind down, the Green Beret source said he learned that Wilson had been subpoenaed to testify in Washington before a federal grand jury that was investigating his dealings with Libya. In February 1978, the source received his own subpoena to testify before the grand jury.

A few days before his appearance, he visited CIA headquarters in Langley, Virginia, at his own request, looking for "guidance" as to how much he should tell the grand jury. Ushered into an office in the clandestine operations section, the source said he was introduced to an official who told him that since the Libyan operation had nothing to do with the CIA, he was free to tell the grand jury anything he wished. The Green Beret's skepticism remained, however.

"I've been lied to by the agency," the source said, citing previous paramilitary stunts he did for the CIA in Southeast Asia and the Dominican Republic while in the Special Forces. "Everyone who's ever worked for them has been. The man told me Libya was not a CIA operation, but that doesn't mean he was telling me the truth. Being lied to is par for the course."

"I'm only speculating," he concluded, "but I believe Ed Wilson was turned loose to get a handle on Libya. He was allowed to establish a very profitable private enterprise with a co-allegiance to the CIA. We were the low-paid infiltrators. We were expendable."

Federal prosecutors say that today both Terpil and Wilson are the targets of international manhunts. Terpil is believed to be hiding in either Libya or Syria (which do not have extradition treaties with the United States), though there has been no confirmation on his exact whereabouts. Wilson, on the other hand, was spotted and briefly detained last August in Malta, where he owns a villa.

According to Assistant US Attorney E. Lawrence Barcella, the American Consulate in Malta was notified by local police and told that a meeting would be set up shortly to arrange deportation of Wilson to the United States.

However, at a hearing on August 28, a police inspector informed the court magistrate that Wilson had been released from jail the night before and placed on a commercial flight to London. Although Maltese authorities had taken Wilson's passport from him, by the time he stepped off the plane around midnight at London's Heathrow Airport, he had another one to get through customs. The British Immigration office was not notified by the Maltese authorities of Wilson's arrival until a short time later. By that time he was gone. When *The Globe* contacted Wilson last month by phone in Libya, he was living in a villa beside a beach hotel in Tripoli.

Barcella is tight-lipped about the slipup in Malta. "We've never gotten a satisfactory explanation from Malta about what happened," he said recently. "I don't know if we'll ever get another chance at him like that."

STEPHEN KURKILAN AND BEN BRADLEE ARE MEMBERS OF THE GLOBE'S SPOTLIGHT TEAM. DALE VAN ATTA, A WASHINGTON JOURNALIST, ASSISTED IN THE REPORTING FOR THIS STORY.

CONTINUED

CONTROLLING THE CIA'S DIRTY TRICKS ALUMNI

Given the opposing world views of Washington and Tripoli, it is puzzling that, in a case involving charges that Americans smuggled weaponry to Libya and trained its terrorists, no indictments were handed up until more than three years after the CIA and the FBI first learned of such activities.

The explanations are varied, ranging from complaints of bureaucratic inertia, jurisdictional conflicts, and even incompetence, to the more serious allegation, made by some participants in the operation, that the investigation proceeded slowly because the affair somehow involved the CIA.

The case was referred to the US Attorney's office in Washington for prosecution in early 1978, more than a year after the FBI's investigation commenced. Not until two years later were indictments returned. An FBI spokesman and investigators who worked on the case refused to comment.

Although aspects of the case involving explosives fell within the jurisdiction of the US Bureau of Alcohol, Tobacco and Firearms (BATF), the FBI never told the bureau about the investigation. Instead, the BATF learned of the case during an unrelated investigation. Only then were BATF agents able to persuade two previously uncooperative witnesses to testify in the Libyan case, revealing several key pieces of information.

As for his own handling of the case, E. Lawrence Barcella, the federal prosecutor, said his investigation moved slowly because he had to put the matter "on the back burner" while working on a case involving the assassination of Chilean Ambassador Orlando Letelier. "In hindsight, maybe I should have passed the [Libyan] case onto someone else here for prosecution," Barcella said.

Finally returned in April 1980, the ten-count indictment charged Wilson, Terpil, and Brower with conspiracy and the actual shipping of explosives and munitions to Libya without the required approval of the United States. Brower was also charged with making false statements to the grand jury, and Wilson and

Terpil with solicitation and conspiracy to commit murder.

Tracking possible CIA involvement in the activities of Wilson and Terpil is difficult and concrete evidence is lacking. In the murky world of intelligence, few things are certain, but several elements of this case point to government knowledge, if not participation, in the scheme.

Wilson, Terpil, and several other persons involved were former CIA employees. Two civilian engineers conducting top-secret research for the CIA and other government agencies were given leaves from their jobs at the China Lake Naval Weapons Station in California to go to Libya, and later returned to their posts. And finally, a Green Beret at Fort Bragg was also given a leave from active duty to go to Libya, and military intelligence personnel at the base were thoroughly briefed on the affair at all times.

Since 1975, the CIA has had to inform Congress of any covert operations it is undertaking. Spokesmen for both the Senate and House Intelligence Committees refused to say whether their committees had been informed of the activities of Wilson and Terpil when they began in 1976.

However, Attorney Michael O'Neill, co-counsel for the House Select Committee on Intelligence, said when the committee first learned of the criminal investigation last year, it asked the CIA whether it was involved. "We were satisfied with the agency's answer that it was in no way involved," O'Neill said.

Spencer Davis, spokesman for the Senate Select Intelligence Committee, refused to say whether the Senate committee had made any similar inquiry to the CIA. Davis did say that since Wilson and Terpil were not on the CIA payroll at the time of their activities in Libya, the committee was not officially bound to investigate the case. However, a staff source on the committee said the panel was investigating.

Barcella cautioned against using the CIA as a scapegoat. "People use, misuse, and abuse the CIA for their own purposes," he said. "Sure, the agency has been involved in nefarious and draconian activities over the years. But the CIA is not to blame for everything."

He said the fact that Terpil and Wilson were indicted for being agents of the Libyan government, not the American government, should answer the question of the CIA's role, and he reiterated that the agency, after learning of the pair's activities, had informed the FBI. "Why would they do that if it was their operation, or they had part of it?" asks co-prosecutor Carol Bruce.

The CIA's goal of infiltrating international terrorism is now firmly established within the agency. A secret, but official, CIA unit called the International Terrorism Group was formed in 1973, partly in response to the CIA's conviction, formed after the massacre of Israeli athletes at the 1972 Olympics, that terrorism was the evil of the future.

One source, intimately familiar with the personnel and workings of the intelligence community, said the CIA "needs people" like Wilson and Terpil. In fact, he said, within the past year, the CIA has approached some arms dealers and encouraged them

to facilitate arms deals for Latin American fighters, as well as guerrillas warring against the Soviet-backed regime in Afghanistan.

"The (CIA) has complete deniability" in dealing with Terpil and Wilson, soldiers of fortune, or men of this ilk, the source stressed. "They've ... made it clear to them that the agency will do everything it can to assist them in putting the deals together ... but obviously ... if they get caught, they're going to have to take the rap."

The CIA, through a spokesman, declined all comment on any role it might have had in the Libyan affair. To comment, as prosecutor Barcella put it, would place the agency in the untenable position of "constantly trying to disprove a negative. The danger of responding is that eventually you have to admit a positive, which might mean exposing legitimate operations and agents."

Virtually all of those questioned agreed that one of the CIA's and the US government's challenges for the future will be the extent to which it can control its fired or retired intelligence agents, Special Forces, and other highly trained servicemen from selling their skills on the open market to enemies of the United States.

Asks Barcella: "How large is this cadre of individuals headquartered in the United States, dealing in weaponry, explosives, etc., with foreign countries that are taboo to the US government?"

No one knows, but the prosecutor described the question and its attendant problems as one of the central issues raised by the Wilson-Terpil case.

— S.K., B.B.